STATEMENT MADE BY THE RT. HON. JOHN McEWEN, P.C.,
DEPUTY PRIME MINISTERS AND MINISTER FOR TRADE, AUSTRALIA
ON 18 MAY 1963

Item II: Arrangements for the Reduction or Elimination of Tariffs and Other Barriers to Trade, and Related Matters

Item III: Measures for Access to Markets for Agricultural and Other Primary Products

Mr. Chairman, addressing myself from the Australian aspect to this issue of agriculture, our needs as exporters of temperate agricultural products are simply stated. Australia needs reasonable and predictable access to world markets, needs remunerative and more stable prices, for the products of which we are efficient producers. These simple objectives which I state have been pursued by Australia for many years in the GATT. We have had the experience of many disappointments and frustrations. Our terms of trade have continued to run against us and frankly we have been beginning to despair of the ability of GATT to cope with problems on agriculture. We have even been beginning to feel that we must look elsewhere. Now there is a new attempt at a break-through. We welcome the initiative of the United States; we welcome the initiative of the Kennedy Round as bold and comprehensive. It is also probably the last chance of the GATT to redeem all their failures to reduce the lack of balance between the various types of countries parties to GATT. As you said yourself, Mr. Chairman, whatever the outcome of this meeting the world will not be the same after it. I assume you mean it will be better from the trading point of view if we succeed. It will be worse if we fail. So we can only endorse and commend the United States proposals for massive and equal reductions in tariffs

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and other barriers to trade. We welcome the negotiations to be tied together as proposed by the United States, to achieve reductions to barriers of trade on all classes of products. Successful negotiations on agriculture are quite essential to an overall satisfactory conclusion.

I said, Mr. Chairman, "massive" because this is the word used by Governor Herter and endorsed by the President of the Board of Trade of the United Kingdom. It is a word which is the measure of our hopes that GATT will really make progress on problems which in the past have proved insoluble. Australia expects "massive" to be the appropriate word to describe the progress in agricultural liberalization. The less-developed countries and the industrial exporters clearly want and need a massive progress towards the solution of their problems.

The arithmetic of Governor Herter’s analysis of the difference in results in liberalization to be obtained from alternative formulae is really astonishing and salutary. It will be recalled that he stated that the American conception of "massive" was in the vicinity of 50 per cent whereas, on the Governor’s analysis, the alternative would mean reductions in the United States of only 12\(^1\) per cent and in some other countries considerably less. I am sure that we would all be disappointed and disillusioned if we came here expecting massive progress towards the solutions of our problems and have to go away feeling that some such figure as 12\(^1\) per cent was to be the measure of the target which we actually had talked about and perhaps decided upon.

Let us not get caught in the web of arguments on methods and logic. Let us decide here and now that by whatever route our problems are approached the results must be measured and be capable of being demonstrated as equal in the broadest sense. I note that the Working Party on Procedures for the Negotiations agrees that agriculture presents special problems. Problems of arrangements of methods, of scope, etc., which are really not capable of a "formula approach" or of broad commitment. Indeed much as we would welcome a simple commitment to reduce agricultural protection by 50 per cent, or a significant fixed amount, frankly we do not expect it and will not imperil the substantive success of the Kennedy Round by taking any unrealistic stand.

The GATT itself has recognized that there is a number of countries who depend for their export earnings on a relatively small number of primary products. The industrialized countries must accept that these countries cannot formulate reciprocal offers before the form and scope of benefits which they may receive become sufficiently apparent.
There are three areas in agricultural fields where we expect progress. First, reductions in levels of assistance given to domestic production. Here we expect commitments that will give us known terms of access. We do not want vague promises as were given us in 1947, but firm commitments to cover tariff and non-tariff devices. Whatever the means of protection used the results must be bound in the GATT schedules. Second, on the subject of international prices. There has been a complete failure of GATT to come to grips with this problem. Stripped to essentials the situation is that because of subsidies and variable levies and quantitative restrictions it is not unusual - indeed it is the rule - between industrial countries to be able to purchase their bulk agricultural commodities at depressed prices, frequently below the cost of production by efficient producers - certainly in every instance much below the prices which their own producers receive. We do not want extravagant or unreasonable prices but remunerative prices for efficient producers.

Present prices on a number of items are artificially low. Take, for example, wheat. Less than 15 per cent of the total world production of wheat enters into commercial international trade but this 15 per cent is, for my country, the export income on which we must plan our development and growth and it is being sold at prices far below the levels of price support in most of the consuming countries.

Any benefits to us from price improvements would be followed immediately by even larger benefits to industrialized countries from whom our imports come, who earn from us the invisible income - our freight - who profit from us in their dealings in the field of banking and public borrowings. There is known history to show that benefits to the primary exporting countries are more than offset, through their purchases, by benefits to the industrial exporters.

On the third aspect we believe that there is a need for comprehensive commodity agreements for bulk commodities. Action in this area could compliment what is done in the first and the second areas that I have referred to - that is, domestic protection and price. Such agreements would cover all the appropriate aspects of international trade as dictated by the needs of different commodities with reciprocal obligations for exporters and importers.

We accept that benefits to agricultural exporters cannot be brought by one single decision. Benefits of worthwhile value must include, in the first place, reductions in agricultural protection. In the second place improvements in international price level and the predictability of our trade. And in the third place, and we believe in a few cases only, comprehensive commodity agreements.
The meetings of the GATT groups on cereals and meat must resume at an early and firm date to really get to grips with the problems and to negotiate - certainly not to resume a study, but to get to grips, produce solutions and decisions.

Because the problems of agriculture are so separate and so complex, so important both to the industrial countries and the agricultural exporters alike, we believe that these problems are best tackled separately within the total negotiations - separate from the difficult enough problems of industrial tariff reductions - separate again from the urgent problems of the less-developed countries. Any attempt to sort out in one single negotiating group all these problems of the three areas would, I think, be doomed to failure and frustrations.

Accordingly, I suggest the establishment of a special temperate primary products negotiating group to be charged with the full task of determining the methods of handling agricultural problems and applying these methods finally in the negotiations. The existing GATT commodity groups for cereals and meat would henceforth, then, operate as negotiating bodies within the framework of the new agricultural group. It would be the responsibility, as I see it, of this temperate primary products negotiating group to have a final package in its sphere ready by the time the results of negotiations in the other two fields - of the less-developed and the industrial exporters have been finalized. The temperate primary products negotiating group would, as I see it, report progress made, and report difficulties arising not entirely within the province of its charter to an overall trade negotiations management committee, but I strongly put it, Mr. Chairman, that these three groups dealing with these quite identifiably separate problems would need to operate as autonomous groups and certainly not as sub-committees of some overall group.

The Australian delegation would be glad to put forth, in more precise terms, its ideas on the organization needed to tackle the agricultural section of the negotiations - its ideas on the charter which should be laid down for the negotiating group, and procedural suggestions. We feel strongly that unless a precise charter and an adequate organization is set up to tackle the problems of each major section - less-developed countries, the industrial exporters and the agricultural exporters - the ministerial conference will turn out not to have progressed further than has been the case since November 1961.

In conclusion, Mr. Chairman, I feel that we all have great responsibilities - the big industrial wealthy countries, the "middle class" developing countries, such as my own, and the lesser-developed countries themselves. We must all work together for the success of the Kennedy Round, and see that benefits are brought to all from this bold and imaginative initiative of the United States Administration, but recognizing at the same time that unless it can be demonstrated by results that GATT is capable of reaching solutions to the problems of all of us, then there would be justification for what my colleague Mr. Marshall of New Zealand said yesterday, when he said in such a contingency it would be shown that GATT "no longer had the will to live as a truly multilateral organization".